

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1119

To define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 3 (legislative day, JULY 10), 1995

Mrs. FEINSTEIN (for herself and Mrs. BOXER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To define the circumstances under which earthquake insurance requirements may be imposed by the Federal Home Loan Mortgage Corporation on a specifically targeted State or area.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Earthquake Insurance  
5 Availability Act of 1995”.

1 **SEC. 2. RESTRICTIONS ON EARTHQUAKE INSURANCE RE-**  
2 **QUIREMENTS.**

3 Section 307 of the Federal Home Loan Mortgage  
4 Corporation Act (12 U.S.C. 1456) is amended by adding  
5 at the end the following new subsection:

6 “(h) EARTHQUAKE INSURANCE REQUIREMENTS.—

7 “(1) DEFINITIONS.—For purposes of this sub-  
8 section—

9 “(A) the term ‘affected State’ means any  
10 State that is subject to an earthquake insur-  
11 ance requirement that is targeted to a specific  
12 State or area;

13 “(B) the term ‘earthquake insurance re-  
14 quirement’ means any requirement that—

15 “(i) is imposed by the Corporation as  
16 a condition for mortgage purchase eligi-  
17 bility under this title; and

18 “(ii) includes specific insurance cov-  
19 erage requirements for property damage  
20 caused by earthquakes;

21 “(C) the term ‘insurance commissioner’  
22 means the insurance commissioner or other  
23 State official primarily responsible for the over-  
24 sight of insurance; and

25 “(D) the term ‘State’ means any State,  
26 territory, or possession of the United States,

1 the District of Columbia, or the Commonwealth  
2 of Puerto Rico; and

3 “(E) the term ‘targeted to a specific State  
4 or area’, with respect to an earthquake insur-  
5 ance requirement, means any requirement that  
6 is not applicable to mortgages secured by dwell-  
7 ings located in all States.

8 “(2) IMPOSITION OF CERTAIN EARTHQUAKE IN-  
9 SURANCE REQUIREMENTS.—

10 “(A) IN GENERAL.—The Corporation may  
11 impose an earthquake insurance requirement  
12 that is targeted to a specific State or area only  
13 if the insurance commissioner of the State cer-  
14 tifies in writing the existence of reasonable in-  
15 surance capacity in the State.

16 “(B) DETERMINATION OF REASONABLE  
17 INSURANCE CAPACITY.—In determining whether  
18 to make a certification under subparagraph (A),  
19 the insurance commissioner of each affected  
20 State shall consider whether—

21 “(i) the insurance product necessary  
22 for compliance with the earthquake insur-  
23 ance requirement at issue is—

24 “(I) available in the State or  
25 area, as applicable;

1           “(II) underwritten by an ade-  
2           quate number of companies to meet  
3           projected demand in the State or  
4           area, as applicable; and

5           “(III) affordably priced for the  
6           consumers to which the insurance is  
7           targeted; and

8           “(ii) compliance with the earthquake  
9           insurance requirement at issue would cause  
10          undue hardship for citizens of the State.”.

11 **SEC. 3. EFFECTIVE DATE.**

12          The amendment made by this Act shall take effect  
13          on January 1, 1995.

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